



DEPARTMENT OF THE NAVY
BUREAU OF MEDICINE AND SURGERY
2300 E STREET NW
WASHINGTON DC 20372-5300

IN REPLY REFER TO

JAN 23 2006

MEMORANDUM FOR NAVY MEDICINE EAST
NAVY MEDICINE WEST
NAVY MEDICINE NATIONAL CAPITAL AREA
NAVY MEDICINE SUPPORT COMMAND

SUBJECT: Navy Medicine FY07 Business Planning Guidance

Encl: (1) FY 2007-2009 Military Health System Business Planning Guidance
(2) FY07 Production Thresholds

1. Regional Commanders are required to submit a Regional business plan incorporating all direct care assets under their control. This plan will assess in detail the eight critical initiatives noted in enclosure (1) and a production plan that meets or exceeds production thresholds for RVUs, RWPs, and DWVs as addressed in enclosure (2). The required products that must be included in each MTF Business Plan are:

- a. An Executive Summary that provides analysis of current performance for each of the eight critical requirements and an action plan to improve any areas that may adversely affect readiness and clinical missions.
- b. A Contingency Plan that provides support for a fit and healthy force, staff training and preparation for deployment, and identifies surge requirements.
- c. A Production Plan that provides support for a fit and healthy force and projects clinical workload in the Health Affairs format.
- d. An Access to Care Plan that describes initiatives proposed to support the planned level of production while maintaining customer satisfaction.
- e. A Referral Management Plan to optimize referral services provided within the MTF.
- f. A Coding and Documentation of Care Plan to accurately reflect the healthcare provided in the MTF.
- g. A Labor Management Plan that supports the planned level of production.
- h. A Pharmacy Management Plan to provide the pharmaceutical benefit within the MTF available resources.

NAVMED POLICY: 06-001

Subj: NAVY MEDICINE FY07 BUSINESS PLANNING GUIDANCE

2. MTF enrollment may exceed the FY02 baseline if the business plan demonstrates MTF capacity to provide the additional service with existing assets and funding.
3. Minimum production thresholds are presented in enclosure (2) with FY05 production levels provided by MTF for reference. The FY07 production thresholds were calculated based on FY05 figures, as follows: FY07 RVUs = FY05 + 0.75%; FY07 RWPs = FY05 + 1.00%; FY07 DWVs = FY05 + 5.00%. Adjustments have been made to take into account known BRAC and Overseas Transformation actions.
4. The Business Planning Tool must be formulated by MTFs and submitted to the Regional Commands no later than 01 March 2006. The Triservice Business Planning Tool, available at <https://triservicebps.afmoa.af.mil>, will automatically format the Production Plan for TMA. Regional Commanders are responsible for reviewing, validating, and approving MTF Business Plans from the operational level. Regional Command consolidated business plans shall be due to BUMED no later than 01 April 2006. The Regional Commands will provide ongoing performance monitoring. BUMED will review performance with Regional Commanders quarterly. BUMED will continue quarterly reviews of the BUMED MTF Dashboard to compare the performance of Navy MTFs among peer groups.
5. Dental Production Plan submissions will be a separate document, submitted via the business planning tool. A template will be provided under separate cover via the Regions. For MTF JCAHO results, at <http://www.jcaho.org>, each MTF should provide proposed corrective actions via a separate attachment for each specific clinical performance measure that is "below the performance of most accredited organizations" as stated in the Quality Report.
6. Business planning guidance for Navy Medicine activities not providing direct healthcare will be promulgated under separate cover.
7. My point of contact is CAPT Elaine C. Ehresmann (M314), at (202)762-3396 or eehresmann@us.med.navy.mil.



D. C. ARTHUR

FY 2007-2009 Military Health System Business Planning Guidance

Purpose: This FY 2007-2009 Military Health System (MHS) Business Planning appendix provides focused business planning guidance for the Services and TRICARE Regional Offices (TROs) to use in the development of the FY 2008-2013 POM/BES. Your business plans will be used to ensure continued effective provision of healthcare and support to the Department of Defense (DoD). The MHS's primary mission continues to be medical support for the deployed Armed Forces. While the effectiveness of "operational" medicine is paramount, the efficient delivery of the health benefit is equally critical to our beneficiaries and the Department's leaders.

General Guidance: The FY 2007-2009 MHS Business Planning process supports the MHS Strategic Plan and MHS Balanced Scorecard. The Tri-Service Business Planning Tool will be used to develop all Military Treatment Facility (MTF), Multi-Service Market (MSM), and TRO business plans. The MTF and MSM submissions will follow the business planning tool templates. The Tri-Service Tool will continue to be improved to support the business planning process.

MTF and MSM business plans are linked to the MHS Strategic Plan by focusing on the following eight critical initiatives:

- (1) Readiness/Expeditionary Planning
- (2) Improve Access to Care
- (3) Manage Referrals
- (4) Manage Pharmacy Expenses
- (5) Improve Documented Value of Care
- (6) Advance Evidence-Based Healthcare
- (7) Optimize Provider Productivity
- (8) Improve labor Cost Reporting and Management.

Success will be measured by existing and/or future MHS performance metrics found in the MHS Balanced Scorecard (BSC). Linkages between the eight critical initiatives and corresponding performance metrics can be found in the Tri-Service Tool.

Advances in readiness, quality, and access will be planned for and implemented. In particular, plans will reflect continued improvements in Individual Medical Readiness, Medical Records Coding, Satisfaction with Visit, Satisfaction with Telephone and Appointment Access, and strategies to attack the problems of tobacco use, alcohol abuse, and obesity. Plans will also include initiatives to reduce the cost of supplies.

The Services will achieve the FY 2007-2009 "efficiency wedge" through productivity, business planning, and other selected strategies.

Initiatives needed to achieve these improvements, both financial and non-financial, will be described, along with resource requirements (if any), the associated offsets and projected timelines and returns on investment. Examples include Venture Capital, Clinical Support

Agreements, DoD/VA joint venture initiatives, direct contracting, etc. All approved initiatives of these types must be incorporated in the respective MSM or MTF business plan.

The TROs will integrate MTF and remote business plans into a single, regional business plan for submission to TMA and monitor performance against the business plans. The TROs will reduce Private Sector Care costs by maximizing efficiencies in the market, managing demand, and maximizing referrals to the Direct Care System.

The TRO regional plans will incorporate information about the amount of purchased care workload the MTFs will require for their enrollees. Additionally, the TROs will be responsible for determining the purchased care workload requirements in the “white space.” TMA-RM’s Private Sector Care Requirements & Integration Division will incorporate these workload estimates into its process for updating private sector care financial requirements.

FY 2007 Business Plan Timeline

The business plan submission and approval timeline is provided below.

- 1 Jan 06-MTFs/MSMs/TROs/Services begin Business Plan development
- 1 Mar 06-MTF Plans submitted to Intermediate Commands
- 1 Apr 06-Draft MTF & MSM Plans submitted to Services
- 30 Apr 06-Service-Level Approval
- 1 May 06-Approved Final MTF/MSM Plans submitted to Health Affairs/TROs
- 1 Jun 06-TRO Plans submitted to Health Affairs

Upon receipt of this guidance, the TROs, MSMs, and Services will begin coordination for the FY 2007-2009 MHS business plan development and approval process. Health Affairs (Health Budgets and Financial Policy) will continue to develop and provide reports for monitoring the MTF, MSM, and TRO business plans.

FY07 Production Thresholds

| Region | Command | FY05 Actual Production | | | FY07 Thresholds | | |
|--------------------------|-------------------------|---|--------------------------------------|----------------------------------|---|--------------------------------------|----------------------------------|
| | | Relative Value Units (RVU) - Ambulatory Clinics - B*** | Relative Weighted Products (RWPs) | Dental Weighted Values (DWVs) | Relative Value Units (RVU) - Ambulatory Clinics - B*** | Relative Weighted Products (RWPs) | Dental Weighted Values (DWVs) |
| NAVMED East | Stateside | | | | | | |
| | NH Beaufort | 172,851 | 823 | 228,492 | 174,100 | 830 | 239,900 |
| | NH Camp Lejeune | 379,094 | 3,039 | 17,361 | 381,900 | 3,070 | 18,200 |
| | NH Charleston | 104,179 | 515 | 29,992 | 105,000 | 520 | 31,500 |
| | NH Cherry Point | 139,493 | | 6,484 | 140,500 | | 6,800 |
| | NH Corpus Christi | 107,298 | | 58,162 | 108,100 | | 61,100 |
| | NH Great Lakes | 452,055 | 760 | 533,563 | 455,400 | 770 | 560,200 |
| | NH Jacksonville | 514,964 | 3,154 | 192,521 | 518,800 | 3,190 | 202,100 |
| | NH Pensacola | 367,073 | 1,984 | 197,863 | 369,800 | 2,000 | 207,800 |
| | NHC New England | 228,895 | 488 | 129,302 | 230,600 | 490 | 135,800 |
| | NMC Portsmouth | 1,493,626 | 17,337 | 538,431 | 1,504,800 | 17,510 | 565,400 |
| | Stateside Total | 3,959,530 | 28,099 | 1,932,170 | 3,989,000 | 28,380 | 2,028,800 |
| | Overseas | | | | | | |
| | NH Guantanamo Bay | 20,029 | 164 | 8,694 | 20,000 | 160 | 8,700 |
| | NH Keflavik | 21,824 | | 12,977 | 21,800 | | 13,000 |
| | NH Naples | 78,024 | 445 | 65,460 | 78,000 | 450 | 65,500 |
| | NH Rota | 67,846 | 458 | 59,109 | 67,800 | 460 | 59,100 |
| | NH Sigonella | 67,395 | 244 | 44,711 | 67,400 | 240 | 44,700 |
| | Overseas Total | 255,119 | 1,312 | 190,951 | 255,000 | 1,310 | 191,000 |
| NAVMED East Total | | 4,214,649 | 29,412 | 2,123,120 | 4,244,000 | 29,690 | 2,219,800 |
| NAVMED NCA | NHC Annapolis | 72,687 | | 37,926 | 73,200 | | 39,800 |
| | NHC Patuxent River | 47,246 | | 18,654 | 47,600 | | 19,600 |
| | NHC Quantico | 116,964 | | 40,852 | 117,800 | | 42,900 |
| | NNMC Bethesda | 740,594 | 10,728 | 196,294 | 746,100 | 10,830 | 206,100 |
| | NAVMED NCA Total | 977,492 | 10,728 | 293,726 | 984,700 | 10,830 | 308,400 |
| NAVMED West | Stateside | | | | | | |
| | NH Bremerton | 292,313 | 1,733 | 77,625 | 294,500 | 1,750 | 81,500 |
| | NH Camp Pendleton | 503,219 | 2,803 | 53,359 | 507,000 | 2,830 | 56,000 |
| | NH Lemoore | 108,413 | 468 | 44,662 | 109,200 | 470 | 46,900 |
| | NH Oak Harbor | 135,019 | 591 | 41,733 | 136,000 | 600 | 43,800 |
| | NH Twentynine Palms | 99,527 | 585 | 3,087 | 100,300 | 590 | 3,200 |
| | NHC Pearl Harbor | 190,128 | | 94,429 | 191,600 | | 99,200 |
| | NMC San Diego | 1,182,384 | 18,431 | 552,224 | 1,191,300 | 18,610 | 579,800 |
| | Stateside Total | 2,511,003 | 24,610 | 867,119 | 2,529,900 | 24,850 | 910,400 |
| | Overseas | | | | | | |
| | NH Guam | 114,623 | 1,374 | 16,255 | 114,600 | 1,370 | 16,300 |
| | NH Okinawa | 233,747 | 2,485 | 18,060 | 233,700 | 2,480 | 18,100 |
| | NH Yokosuka | 183,460 | 854 | 167,725 | 183,500 | 850 | 167,700 |
| | Overseas Total | 531,830 | 4,713 | 202,041 | 531,800 | 4,700 | 202,100 |
| NAVMED West Total | | 3,042,832 | 29,323 | 1,069,160 | 3,061,700 | 29,550 | 1,112,500 |
| Total | | 8,234,972 | 69,462 | 3,486,007 | 8,290,400 | 70,070 | 3,640,700 |

Notes:

| | | |
|--|---|---------------|
| Relative Value Units (RVU) - Ambulatory Clinics - B*** | Stateside: 0.75% above FY05 Actual Production rounded to nearest 100. Overseas: FY05 Actual Production rounded to nearest 100. | |
| Relative Weighted Products (RWPs) | Stateside: 1% above FY05 Actual Production rounded to nearest 10. Overseas: FY05 Actual Production rounded to nearest 10. | |
| Dental Weighted Values (DWVs) | Stateside: 5% above FY05 Actual Production rounded to nearest 100. Overseas: FY05 Actual Production rounded to nearest 100. | |
| BRAC Adjustments | <i>Adjustment</i> | <i>Impact</i> |
| | NH Keflavik RWPs eliminated. | (70.91) |
| | NH Cherry Point RWPs eliminated. | (576.45) |
| | NHC London RVUs eliminated. | (6,786.38) |
| | NACC New Orleans RVUs eliminated. | (7,811.02) |
| | NACC Pascagoula RVUs eliminated. | (6,156.98) |
| | NBHC Marietta RVUs eliminated. | (8,770.54) |
| | NHBC Athens RVUs eliminated. | (3,865.49) |